

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1761 - HB 1663

February 6, 2014

SUMMARY OF ORIGINAL BILL: Makes changes to the *Tennessee Real Estate Broker License Act of 1973* in regards to fees obtained by brokers in securing a tenant for a specific piece of real property. Bases the commission or fee amount to be paid to a broker upon the result of securing a tenant, rather than the rental income expected from the parcel of real property. Authorizes a broker to pursue a cause of action for commission or fees earned, even if the real property upon which fees are based, is now owned by a subsequent owner.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (012028): Specifies that any cause of action pursued by a broker is limited to those instances in which a subsequent owner has received notice on or after the effective date of this act that fees or commissions, payable to such broker, are outstanding.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- According to the Department of Commerce and Insurance, Tennessee Real Estate Commission, this bill will have no significant fiscal impact on the Department or Commission.
- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes and costs collected. These expenditures and revenue are estimated to be not significant.
- Pursuant to Tenn. Code Ann. § 9-4-5117, all regulatory boards are required to be self-supporting over a two-year period. The Board had closing balances of \$178,396 in

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FY11-12, \$382,236 in FY12-13, and a closing reserve balance of \$2,987,247 on June 30, 2013.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Any additional revenue recovered by a broker, as a result of this act, would come from another individual or business resulting in no significant net fiscal impact to the real estate industry.
- This will have no significant impact on jobs in this state.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jdb